

FINANCE COMMITTEE

FEBRUARY 17, 2016

7:00 PM

Aldermanic Chamber

ROLL CALL

PUBLIC COMMENT

COMMUNICATIONS

From: John L. Griffin, CFO/Comptroller
Re: Melanson Heath Presentation –February 17, 2016

From: Stephen M. Bennett, Esq., Corporation Counsel
Re: Nashua Collegiate Baseball, Inc.

- Referred to Committee – 2/10/16

UNFINISHED BUSINESS – None

NEW BUSINESS – None

DISCUSSION

RECORD OF EXPENDITURES

PUBLIC COMMENT

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

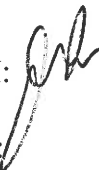


City of Nashua

Office of the Chief Financial Officer
229 Main Street - Nashua, NH 03060

(603) 589-3171
Fax (603) 589-3233

TO: Members of the Board of Aldermen

FROM:  John L. Griffin, CFO/Comptroller

DATE: February 11, 2016

RE: Melanson Heath Presentation – February 17, 2016

The purpose of this communication is to inform you that Mayor Donchess has scheduled a presentation by Melanson Heath on Wednesday February 17, 2016 at 7:00 PM in the Aldermanic Chambers. This presentation will be the first agenda item for the Finance Committee that evening.

Mr. Scott McIntire, Partner at Melanson Heath, will review the results of the FY2015 Annual Audit as well as the attached Governance Letter. It would be most helpful if you bring the recently distributed FY2015 Comprehensive Annual Financial Report with you to the presentation as Mr. McIntire will refer to the report during his presentation.

City of Nashua, New Hampshire
229 Main Street
Nashua, New Hampshire 03061

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Dear Honorable Mayor and Board of Aldermen:

We have audited the financial statements of the City of Nashua, New Hampshire as of and for the year ended June 30, 2015 and have issued our report thereon dated December 30, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our Firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence or reduce them to an acceptable level include annual certification by all Firm staff of independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. There have been no new accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimated lives and depreciation methods for depreciable assets.
- Collectability of receivables.
- Net OPEB obligation.
- Net pension liability.

Management's estimates of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the City's financial statements.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We have not identified any uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no identified material misstatements, either individually or in the aggregate, to the financial statements taken as a whole or to the applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated December 30, 2015.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information (if applicable) and considered whether such information, or the manner of its presentation, was materially inconsistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Melanson Heath".

December 30, 2015



CITY OF NASHUA
OFFICE OF CORPORATION COUNSEL

MEMORANDUM

TO: Board of Aldermen

FROM: Stephen M. Bennett, Esq., Corporation Counsel

DATE: February 1, 2016

RE: *Nashua Collegiate Baseball, Inc.*

Recently this board approved a 90 day extension, from January 1, 2016 to March 31, 2016, of the Concession Agreement between the City of Nashua and Nashua Collegiate Baseball. The parties requested this extension due to ongoing negotiation for the sale for the team. Those negotiations have not proceeded as quickly as anticipated and the current Franchisor anticipates operating the team into the 2016 baseball season. In order to conduct its baseball operations for the 2016 baseball season, the Franchisor has requested to exercise its option to extend the Agreement. Other than the extension of the Agreement through December 31, 2016, all other terms shall remain the same.

SECOND AMENDMENT TO CONCESSION AGREEMENT

This Second Amendment to the Concession Agreement (hereinafter "Agreement"), dated as of the latter of the signatures below, is by and between the City of Nashua, a municipality incorporated in the State of New Hampshire, having a mailing address of 229 Main Street, Nashua, County of Hillsborough, New Hampshire 03061 (hereinafter "City") and Nashua Collegiate Baseball, Inc., a corporation with an address of 67 Amherst Street, Nashua, County of Hillsborough, New Hampshire 03064 (hereinafter "Franchisor").

WHEREAS, the City and Franchisor entered into an Agreement dated June 18, 2014, whereby the City granted to the Franchisor certain rights in regard to the City's Holman Stadium facilities (hereinafter "Premises");

WHEREAS, the City and Franchisor entered into a First Amendment To Concession Agreement dated December 23, 2015, whereby the City and Grantor agreed to extend the Agreement from January 1, 2016 to March 31, 2016;

WHEREAS, the Agreement grants Franchisor the right to exercise up to five (5) one year options; and,

WHEREAS, Franchisor wishes to exercise its option Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is hereby acknowledged, the City and Franchisor agree as follows:

1. **IV. TERM.**

The term of this Agreement shall be extended from April 31, 2016 to December 31, 2016.

2. **OTHER TERMS AND CONDITIONS REMAIN.**

In the event of any inconsistencies in the Agreement and this Second Amendment, the terms of this amendment shall control. Except as expressly set forth in this Second Amendment, the Agreement otherwise is unmodified and remains in full force and effect. Each reference in the Agreement to itself shall be deemed also to refer to this Second Amendment.

3. **CAPITALIZED TERMS.**

All capitalized terms used but not defined herein shall have the same meaning as defined in said Agreement.

IN WITNESS WHEREFORE, the parties have caused their authorized representatives to execute and seal this First Amendment on the date set forth below.

CITY OF NASHUA

Date: _____, 2016

By: _____
Jim Donchess, Mayor
DULY AUTHORIZED

NASHUA COLLEGIATE BASEBALL, INC.

Date: _____, 2016

By: _____
DULY AUTHORIZED

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

On this ____ day of _____, 2016, personally appeared the above-named, Ronald Wallace, General Manager (title) of Nashua Collegiate Baseball, Inc, known to me (or satisfactorily proven) to be the person whose name is subscribed herein and acknowledged that he/she executed the foregoing instrument for the purposes contained therein.

Notary Public/Justice of the Peace
Print Name:
My Commission Expires:

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

On this ____ day of _____, 2016, personally appeared the above-named, Jim Donchess, Mayor of City of Nashua, known to me (or satisfactorily proven) to be the person whose name is subscribed herein and acknowledged that he/she executed the foregoing instrument for the purposes contained therein.

Notary Public/Justice of the Peace
Print Name:
My Commission Expires:

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